

Biosearch Italia announces financial results for the fiscal year ended December 31, 2002

Milan (Italy), February 28, 2003 – The Board of Directors of Biosearch Italia (*Italian Nuovo Mercato: BIO.MI*) has approved the financial results of Biosearch Italia S.p.A. and Biosearch Group for the fiscal year ended December 31, 2002.

Financial results in summary:

- net revenues equal to 6.5 million Euro; 6.3 million at the consolidated level
- net losses equal to 12.3 million Euro; 12.8 million at the consolidated level
- consolidated Net Financial Position equal to 101.1 million Euro

Operational Highlights

- Merger agreement of Biosearch with Versicor Inc. signed: the merger to be effective from March 1, 2003;
- Versicor started Phase III studies of Dalbavancin for Skin and Soft Tissue Infections;
- Versicor completed Phase II studies of Dalbavancin for Skin and Soft Tissue Infections. The results, announced in September, confirmed the clinical effectiveness of Dalbavancin, the first once-weekly injectable antibiotic;
- Versicor started Phase II studies of Dalbavancin for Staphylococcal and other serious Gram-positive infections;
- Enrollment for Phase I study of BI-K0376, the novel antibiotic for the topical treatment of acne, completed;
- Rights for the nasal application of Ramoplanin for the treatment of multiresistant *Staphylococcus aureus* carriers reacquired from Intrabiotics Pharmaceuticals;
- Phase III clinical trial of Ramoplanin in the US by US licensee Genome Therapeutics Corp. continuing to progress;
- Pre-clinical Research and Development activities continuing to progress, to create a solid product pipeline;
- A 6.5 million Euro Innovation Technology Fund grant awarded by the Italian government;
- Construction of the production plant in Pisticci (MT) continuing to progress.

Financial Highlights

- Revenues: Biosearch Italia S.p.A. generated net revenues of 6.5m Euro in the fiscal year ended December 31, 2002, 2.4m Euro lower than the previous fiscal year, in line with expectations and primarily due to a reduction in licence fees. At the consolidated level, net revenues equalled 6.3m Euro (8.8m Euro in 2001).
- Costs: in 2002, Biosearch Italia S.p.A.'s operating costs totalled 18.3m Euro (excluding amortisation); in 2001 costs equalled 19.8m Euro. At the consolidated level costs equalled 18.7m Euro (20.7m Euro in 2001). R&D expenditure totalled 9.7m Euro, 5.7m Euro lower than in 2001, mainly due to the transfer of development costs for Ramoplanin to the US licensee Genome Therapeutics. Production costs equalled 2.9m Euro; up by 1.8m Euro from 2001. General costs and administration costs were 5.7m Euro, up 2.4m Euro from the previous

year, mainly because of legal and consulting expenses linked to the merger. Amortisation costs totalled 3.6m Euro, 3.8m Euro at the consolidated level, in line with 2001.

- Operating Income: a loss of 15.4m Euro at the Company level (14.6 Euro in 2001); at the consolidated level, the operating loss was 16.3m Euro compared to a loss of 15.8m Euro for 2001.
- Net financial income: 2.9m Euro at the consolidated level.
- Net losses: 12.3m Euro at the Company level, 11.1m Euro in 2001; at the consolidated level net losses equalled 12.8m Euro, (12.2m Euro on December 31, 2001).
- Net Financial Position: 101.1m Euro at the consolidated level (112.8m Euro on December 31, 2001). The variation is mainly due to fixed investments: 8.1m Euro for the production plant in Pisticci and 1m Euro for the Research Centre in Gerenzano.

Claudio Quarta, Chief Executive Officer of Biosearch Italia, commented: *"We are extremely proud of the Company's achievements in 2002 at a financial, corporate and product level. The Company's landmark merger agreement with Versicor will create a global leader in the field of anti-infectives. We are particularly satisfied with the Phase II results for Dalbavancin and the start of Phase III clinical trials. The financial results were in line with expectations."*

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Biosearch Italia SpA (Bloomberg: BOSHf; Reuters: BIO.MI) is a leading Italian biotechnology company focused on the discovery, development, production and eventually marketing of new antibiotics for the treatment of infectious diseases caused by multi-resistant micro-organisms (bacteria and fungi). Biosearch's discovery strategy is based on the high-throughput screening of its large and diversified library of microbial extracts, which is continuously expanding. Its integrated approach encompasses all activities leading to the isolation of a drug candidate, including target identification and assay set up, chemical, microbiological and analytical profiling, bioinformatics process development and supply of active ingredients.

Biosearch's most advanced products are Dalbavancin and Ramoplanin, both in Phase III, and BI-acne, in Phase I clinical development.

BIOSEARCH ITALIA SPA 000 Euro	YTD Dec. 2002	YTD Dec. 2001	Consolidated 02	Consolidated 01
NET INVESTED CAPITAL	34,363	31,771	26,083	27,229
NET FINANCIAL POSITION	94,440	109,378	101,125	112,788
STOCKHOLDERS' EQUITY	128,803	141,149	127,208	140,017
NET SALES	6,468	8,874	6,259	8,849
Operating Costs :				
Research & Development	(9,661)	(15,417)	(9,661)	(15,417)
Production	(2,933)	(1,053)	(3,398)	(1,969)
Corporate, General & Adm. Exp.	(5,682)	(3,295)	(5,631)	(3,295)
GROSS PROFIT	(11,808)	(10,891)	(12,431)	(11,832)
Depreciation & Amortization	(3,594)	(3,723)	(3,836)	(3,944)
Other Accruals	(2)	0	(3)	0
OPERATING PROFIT	(15,404)	(14,614)	(16,270)	(15,776)
Net Financial Income/Charges	2,491	4,338	2,875	4,480
Prudential Devaluation of short term financial Activities	(77)	(892)	(77)	(892)
Net Extraordinary Items & Tax	644	22	662	(25)
NET LOSS	(12,346)	(11,146)	(12,809)	(12,214)